GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2552
ANSWERED ON:10.05.2016
Fixation of Price of Fertilizers
Kamaraaj Dr. K.

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the fertilizers manufacturing companies are complying with norms fixed by the Government with regard to fixation of prices of fertilizers in the country and if so, the details thereof; and

(b) the action taken by the Government to ensure that prices of fertilizers are not fixed arbitrarily by the fertilizer companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERILIZERS

(SHRI HANSRAJ GANGARAM AHIR)

(a) : The Government has implemented Nutrient Based Subsidy Policy w.e.f. 1.4.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on subsidised P&K fertilizers depending on their nutrient content. Under this policy, though the Companies have been allowed to fix MRP as per market dynamics, it must be fixed at reasonable level.

(b) : In order to ensure that prices of P&K fertilizers are not fixed arbitrarily by the fertilizer companies, the Department has taken the following steps:

(i) It has been made mandatory for the fertilizer companies to submit alongwith their subsidy claims, the cost data of their fertilizer products from 2012-13 onwards in prescribed format on six monthly basis to find out reasonableness of MRP fixed by them. The Department has also appointed Cost Accountants/ Firms to scrutinise the said cost data to ensure that the prices fixed by the fertilizer companies are reasonable.

(ii) It has also been stipulated in the provisions that in cases, where after scrutiny, unreasonableness of MRP is established or where there is no correlation between the cost of production or acquisition and the MRP printed on the bags, the subsidy would be restricted or denied even if the product is otherwise eligible for subsidy under NBS Scheme. In proven case of abuse of subsidy mechanism, the Department of Fertilizers, on the recommendation of Inter-Ministerial Committee may exclude any grade/grades of fertilizers of a particular company or the fertilizer company itself from the NBS Scheme.

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